World Bank Assistance for Jharkhand Community Development Project

5044. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

(a) whether any team of the World Bank had visited some districts of Jharkhand in February, 2002, regarding Jharkhand Community Development Project;

(b) if so, the details thereof;

(c) the outcome of its visit; and

(d) the quantum of assistance given/proposed to be given by the World Bank to each of these districts and to Jharkhand Community Development Project?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d): The mission's initial visit was intended to identify the scope, modalities and issues for the proposed Community Forestry Project, as requested by Government of Jharkhand through Government of India to the Bank for possible financing.

NPA norms for NBFCs

5045. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether RBI recently revised NPA norms for NBFCs;

(b) if so, the details thereof;

(c) whether NBFCs are not properly implementing the various guidelines of RBI to check NPAs;

(d) if so, the details of such violations which came to the notice of Government during the last three years and action contemplated thereon; and

(e) the steps Government propose to take to ensure that NBFCs properly follow the guidelines of the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Reserve Bank of India has recently revised the NPA norms for NBFCs in regard to Call and Demand Loans. The Bank has directed that NBFCs should stipulate the cut off date within which repayment of the loan will be demanded/called up by the NBFC. Such a policy should be duly approved by its Board of Directors. In case the cut off date is beyond one year, the sanctioning authority should record specific reasons therefor. Policy should also stipulate the rate of interest as also the rests at which the interest is payable. If a memorandum is granted for payment of interest,

the reasons therefor should also be mentioned. Policy should contain stipulation of a cut off date not exceeding six months for review of performance of the loan. These directions have come into effect from 31st March, 2002. Thus RBI by the above stipulation has brought call and demand loans extended by NBFCs too under the ambit of its Prudential Norms Directions. NBFCs have been further advised that the concept of 'Past Due' contained in the Bank's Prudential Norms Directions stand abolished with effect from Balance Sheet as on March 31, 2003.

(c) and (d) The periodical inspection of NBFCs by the Reserve Bank of India revealed that some of them were not complying with the Prudential Norms Directions relating to NPAs, such as asset classification, income recognition and provisioning. These deficiencies are advised to the erring NBFCs through a supervisory letter and their compliance obtained. Action is initiated against the recalcitrant NBFCs by issuing show cause notice for cancellation of their Certificate of Registration.

(e) A comprehensive regulatory and supervisory mechanism for Non-Banking Financial Companies has been put in place by the Reserve Bank of India under the powers derived from the Reserve Bank of India Act, 1934 with a view to ensuring that they function on sound and healthy lines and to provide reasonable protection of the interest of depositors. This mechanism involves (a) on-site inspection of NBFCs, (b) off-site monitoring of NBFCs through periodic control returns from NBFCs using the state-of-art information technology, (c) an effective market intelligence work and (d) a system of submission of exception reports by auditors of NBFCs. The regulatory framework also includes, *inter-alia*, compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of the RBI Act and directions issued thereunder. Government has also introduced the Financial Companies Regulation Bill, 2000 in the Lok Sabha on 13th December, 2000. The Bill has been referred to the Standing Committee on Finance by the Hon'ble Speaker, Lok Sabha.

Discrepancies of Private Cargo Airlines

5046. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether the customs authorities in Delhi have investigated various discrepancies against Sam Avia in the last few years;

(b) if so, the details thereof; and